



General Services
STATE FLEET MANAGEMENT

Focus on Fleet

Fall 2005

*A publication of the SC Budget and Control Board
General Services Division
Office of State Fleet Management*

There's no such thing as Government money — there is only Taxpayer money.

From the State Fleet Manager

The Next Step

Now that State Fleet Management has submitted its report on the recent fleet management study to the Budget and Control Board, many agencies are asking the question, “what happens next?”

At its September meeting, the Board voted to move forward with a fleet centralization plan. Under this plan agencies will be encouraged to participate in the Board's State Fleet Management leasing program on a voluntary basis.

State Fleet Management (SFM) will routinely report progress with the plan to the Board with a year-end report due September 2006. Other aspects of this plan include discussing the consolidation of maintenance facilities, and the development of guidelines for POV reimbursement for recommendation to the General Assembly.

To give agencies an opportunity to review the services SFM offers and ask questions about the Centralization Plan, we will hold a meeting on December 7, 2005, at 10:00 a.m. in the auditorium at the State Museum.

I strongly encourage every agency to participate in this meeting.

During this meeting SFM will distribute a survey questionnaire to assist in completing an impact analysis for each agency. Follow-up meetings to explain the Fleet Centralization Plan, and the impact analysis for specific agencies, will be conducted on an as needed basis.

I look forward to seeing everyone at the December 7th meeting, and trust that we will use this opportunity to improve fleet operations within South Carolina.

*—Jeff McCormack
State Fleet Manager*



Home on the Web

Some customers have told us our former URL was too difficult to remember. And because it included lots of slashes and dots and various other challenges, it was difficult to type as well; and just try giving it out over the phone.

Well, fret no more! State Fleet now has an easy, intuitively obvious Web address:

<http://www.scfleet.sc.gov>

At our Web home, you can look up fuel prices, see a list of contacts, browse current and back issues of *Focus on Fleet* or the *Motor Vehicle Management Review*, or look over our services.

New Features

For the first time, in fact, you can now make a vehicle reservation online. Just go to our home page and click on “Need a vehicle?” at the left; you’ll be directed to a form to fill in to place your request. This system fulfills numerous requests from our Motor Pool customers over the years to allow them to make reservations over the Internet, and also helps to reduce the ringing of the phone in the Motor Pool area, freeing up personnel to focus on customer service.

Coming soon: an online calculator that will show whether the trip you are about to take would be best served by renting a Motor Pool vehicle, using your personal vehicle, or taking advantage of the State's contract with Enterprise Rent-a-Car. Look for it on our home page by the end of 2005.

If you have questions about SFM's Web site, contact Jonathan Eason at 803-737-1239 or E-mail JEason@gs.sc.gov.

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Department of Broken Records Department...

Assuming you're old enough to remember what a "record" is.

Have you ever had that sense of *déjà vu*? Like you've lived an experience before, maybe even exactly the same way?

Well, welcome to my world. This seems like the umpteenth issue in a row that we have had to say something about rising fuel prices. Of course, in 1998, when I paid \$0.82 a gallon for premium unleaded in Erie, PA, it never crossed my mind that I was living through a historic low on the gas-price curve. I *certainly* never imagined that I would be *glad* to pay \$3.39 a gallon for regular unleaded.

Why would I be glad to pay that outrageous price? Because *at least I could buy some gas*. The nearest station was dry of gas from 30 August through 7 September.

Now, however, prices have settled considerably since September, and at my neighborhood station it was \$1.99 a gallon when I drove by this morning on the way to work. That's a lot higher than the \$0.82 a gallon we were paying in 1998, but you can't have everything.

In a free market, the price of a commodity is dictated by the iron law of supply and demand. In times past, the price of other commodities such as salt or sugar has been a major driver of the world economy; in fact, tulips were once so highly prized that they were traded in their own commodities market in Holland. Today, however, sugar is only \$0.60 a pound and salt is \$0.35 a pound: they have essentially become fungible.

In relative terms, the price of gas right now is fairly low; in fact, at \$1.99 a gallon, it's actually 4% *lower* than the historic average (1919-2004) of \$2.08 per gallon. (Source: US Dept. of Energy, Energy Efficiency and Renewable Energy, 2004.) What's more, the price is trending downwards at the end of the year.

This is cold comfort to anyone faced with a \$250 monthly gas bill, of course; and even less comforting to the beleaguered State government administrator who must find money for gas when the price of it has shot up thirty percent in a week, while business dictates that the fleet drive the same number of miles. However, the savvy fleet manager will do well to take note of State Fleet Management's leasing program and take full advantage of the State Fuel Credit Card program as well: either or both of these options can save your agency money over having to go it alone in the marketplace.

For instance, during the supply interruptions of early September, State Fleet did what it could to abate costs: the contract price for Unleaded Regular was changed to a cost-plus pricing scheme. While this move was not able to protect customers from every fluctuation of the market, it did prevent the invocation of the *force majeure* clause in the State Fuel Contract, which would have completely stopped the use of the Fuel Card until the market stabilized.



SFM Kicks the Habit

At least our Motor Pool cars do: Smoking ban effective January 1

In a recent issue of *Focus on Fleet*, we revealed that the Department of Health and Environmental Control had begun to enforce a smoking ban in all its vehicles. Now State Fleet Management is following that trend by banning smoking in its Motor Pool fleet.

While smokers are usually very scrupulous about disposing of ash from their cigarettes, some ash always seems to find its way into the vehicles. The mess, no matter how inadvertent, requires extra time spent in cleaning the vehicle and also reduces the life of the carpet and upholstery.

The restriction on smoking in Motor Pool vehicles goes into effect January 1, 2006. For questions or more information, contact State Fleet Management at 803-737-0668.

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State Fleet Shop and Motor Pool Relocating

Date to be announced

State Fleet Management's maintenance shop and motor pool will be moving to 516 Senate Street. It is the old City Garage Location. The maintenance shop will be co-locating with the University of South Carolina's maintenance shop. The exact date of the move has not been determined. Renovations are continuing at this time.

Facility Certification Reviews for FY 2006

The following maintenance facilities are scheduled for an on-site Certification Review as indicated.

DOT Cherokee	11-3-05	10:00 AM
DOT Calhoun	11-3-05	9:30 AM
DOT Colleton	12-1-05	10:00 AM
DOT Greenwood	12-6-05	10:00 AM
DOT Greenville	1-11-06	10:00 AM
DOT Richland	1-24-06	9:00 AM
DOT Lexington	1-31-06	9:30 AM
Clemson Edisto	2-1-06	10:00 AM
DOT Sumter	2-7-06	10:00 AM
John De La Howe	2-28-06	10:00 AM
DOT Charleston	3-2-06	10:00 AM
DOT Rock Hill	3-7-06	9:00 AM
DOT York	3-7-06	1:30 p.m.
Forestry Newberry	3-14-06	9:30 AM
DOT Lancaster	3-21-06	10:00 AM
Forestry Florence	4-5-06	10:00 AM
Clemson Simpson Station	4-11-06	9:30 AM
Clemson Forest Resources	4-11-06	1:30 p.m.
DOT Anderson	4-12-06	9:30 AM
DOT Williamsburg	5-3-06	10:00 AM
Forestry Kingstree	5-3-06	1:30 PM
DOT Marion	5-10-06	10:00 AM
DOT Marlboro	5-17-06	10:00 AM
DOT Spartanburg	5-23-06	10:00 AM

Questions concerning this schedule should be directed to Ms. Eleese Portee at phone (803) 737-1605 or E-mail EPortee@gs.sc.gov.

FY2005 Outstanding Maintenance Facility Award

At the South Carolina Governmental Fleet Managers' Association convention in October, State Fleet Management's Maintenance Team Leader, **Elease Portee**, presented the Outstanding Maintenance Facility Award to the **Citadel's** maintenance shop. Pictured below are **Ron Doyle**, the Citadel's Chief of Grounds and Operational Services, State Fleet Manager **Jeff McCormack**, and **John Colson**, supervisor of the Citadel's Maintenance Facility.

Photo courtesy SCGFMA.



FY2005 Safety Award Winners

At the recent meeting of the South Carolina Governmental Fleet Managers' Association, State Fleet handed out its annual Fleet Safety Awards. Fleet Safety Awards are presented based on an agency's Accident Frequency Rate (AFR). The AFR is calculated as the number of accidents per million miles driven.

The Fleet Safety Awards for FY 2005 were presented to the following agencies.

- Best Small Agency: State Lottery Commission (214,000 miles driven with an AFR of 0.00)
- Best Medium Agency: SC Commission for the Blind (452,000 miles driven with an AFR of 0.00)
- Best Large Agency: SC Department of Parks, Recreation and Tourism (2.4 million miles driven with an AFR of 0.00)
- Most Improved Agency: SC Department of Agriculture



Charles Bruce of the SC Commission for the Blind receives the Fleet Safety Award for the Best Medium Agency from State Fleet Manager Jeff McCormack. Betty Pearce of State Fleet is at the podium.



Karen Nelson of the South Carolina Lottery Commission from State Fleet Manager Jeff McCormack.



Mike Clark of the SC Department of Parks, Recreation and Tourism receives the Fleet Safety Award for Best Large Agency from State Fleet Manager Jeff McCormack.

Scenes from SCGFMA



Jan Smoak of DHEC, Karen Hyatt of the Santee Regional Transit Authority, and Marty Burr of the City of Rock Hill.



Nikki Cross and Rita Harris of the SC Department of Public Safety enjoy a moment of revelry at the Awards Banquet.



Bill Horn of the City of Greenville, Charlie Jones of the SC Forestry Commission, Ronnie Pound of SC Surplus Property, and Allen Mance Jr. of the Department of Disabilities and Special Needs.



Jimmy Lever, Betty Pearce, Jeff McCormack, Elase Portee and James Allen of State Fleet Management pose for a picture after the awards luncheon at the SCGFMA convention, October 2005.

Every year, the South Carolina Governmental Fleet Managers Association (SCGFMA) holds its convention. This October the meeting was held at the Ocean Dunes Sand Dunes in Myrtle Beach.

The SCGFMA conference presents an opportunity for Fleet Management professionals from State, Regional, County and Municipal governments in South Carolina to exchange ideas and experiences. The convention also hosts presentations from vendors and from other Fleet Management professionals.

Here are a few images from the gathering.



State Fleet Maintenance Team Leader Elase Portee schmoozes with Mr. and Mrs. Ron McLean, both of the SC Department of Corrections.



Ron Doyle of the Citadel and Ron McClean of the SC Department of Corrections present the President's Award for Individual Innovative Practices and the Bill Nix Award for Innovative Fleet Management Accomplishment to Edgar Heustess of the City of Cayce.

State Fleet Announces New Lease Rates

The Budget and Control Board requested an evaluation of the current financial and rate structure of State Fleet Management's (SFM's) lease operations. As a result, Mercury Associates conducted a review of the current SFM rate structure and financing mechanism. SFM's current lease rates use a flat rate of \$100.00 per month, per unit to recover insurance and administrative costs; plus a mileage rate that varies depending upon the class of vehicle to recover capital and other operational costs. Mercury's report stated that the method of financing could be revised to allow for substantial fleet growth.

Acknowledging this finding, SFM is proposing a new financing method along with a new rate structure. We propose to follow Mercury's recommendation of using a hybrid financing method that uses SFM's depreciation reserve fund along with the State Treasurer's Master Lease program. After consulting with the Treasurer's office we have concluded that the Master Lease should only be used for vehicles whose anticipated retention cycle is either 4 or 5 years. When reviewing the SFM fleet, we found that this comprises about 75% of our vehicles. For other vehicles, we plan to use the depreciation reserve fund. This arrangement will allow SFM flexibility in meeting customer needs.

When reviewing Mercury's recommendations regarding the lease rate structure, SFM recognized that a change in the financing method would also necessitate a change from the present rate configuration. The major change is a different method of recovering the vehicle's capital expenditure. (Previously, the capital portion was recovered through a per-mile charge.) Since vehicle financing is based upon a time variable, SFM concluded that the capital recovery should coincide with that same time element. Accordingly, the capital recovery became a part of the flat rate that is currently charged to our customers.

In order to prevent cross-subsidization of the capital portion of the rate, SFM will set rates individually based upon the options selected for each particular vehicle.

(In essence, customers pay for what they get.) Individual rates are also necessary due to the fluctuation of interest rates for vehicles financed through the Master Lease. The actual interest rate is determined when SFM pays for the vehicle.

Consultants from Mercury have worked with SFM to develop a chargeback system for administrative costs and develop other rates for the various programs and activity groups within SFM. The lease rates shown here reflect new calculations of the administrative costs associated with the fleet. The proposed new rates are based upon the actual budgets used by SFM along with a salary study that shows the distribution of activity of each employee among the various program areas. Components included in the monthly rate for vehicle leases are a monthly regulatory fee, a lease fleet management fee, and an administration fee.

These amounts are added to the capital and insurance costs to arrive at the fixed rate cost for the vehicle.

Rates will be reviewed every two years. The review is necessary because of the volatility of fuel prices and the effects of inflation. The rate review will ensure that the rates cover operational costs, and also serve to assure our customers that SFM is not over-recovering costs. We are confident this new rate structure provides our customers with the true cost of their vehicles, along with a predictable method of forecasting their budget needs. The new structure also offers SFM the maximum financial flexibility to meet our customer's fleet needs.

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Vehicle Class	Monthly Rate	Cost Per Mile
Compact Sedan	\$261.00	\$0.13
Intermediate Sedan	\$257.00	\$0.17
Full Size Sedan	\$388.00	\$0.21
Intermediate Police Sedan	\$435.00	\$0.20
Full Size Police Sedan	\$468.00	\$0.22
Executive Sedan	\$554.00	\$0.18
Compact S/W	\$281.00	\$0.15
Intermediate S/W	\$301.00	\$0.18
Mini Van	\$326.00	\$0.16
Mini Cargo Van	\$213.00	\$0.20
12/15 Passenger Van	\$290.00	\$0.22
Full Size Cargo Van	\$230.00	\$0.25
Intermediate Utility 4x2	\$406.00	\$0.19
Intermediate Utility 4x4	\$438.00	\$0.20
Full Size Utility 4x2, 4x4	\$395.00	\$0.26
Compact Pick-up	\$186.00	\$0.18
1/2 Ton Pick-up	\$219.00	\$0.20
1/2 Ton Pick-up 4x4	\$304.00	\$0.25
3/4 Ton Pick-up 4x2	\$235.00	\$0.24
3/4 Ton Pick-up 4x4	\$295.00	\$0.27
1 Ton Sprinter Cargo	\$348.00	\$0.17
High Cube Van < 12,000 gvw	\$369.00	\$0.43
Handicap Van	\$434.00	\$0.39
Mini Bus	\$447.00	\$0.33

NOTE: Monthly flat rate will vary with actual price of vehicle, and interest rate at time of vehicle delivery.

New Vehicle Replacement Criteria

It is the intent and policy of the Budget and Control Board that the State achieve the maximum return on investment in its motor vehicle fleet. The table shows disposal criteria for the various classes and sizes of state vehicles. These criteria are established as minimums only. Agencies may continue to operate vehicles past these minimums as long as they are determined to be safe and cost effective to operate.

Vehicles may be identified for disposal before the minimum criteria have been met when the cost of repairs shall be determined to be non-cost effective, or if a vehicle is declared excess to the needs of the State.

Non-compliance with these criteria may be cause for disapproval of requests to acquire replacement vehicles without additional justification. The criteria for non passenger-carrying vehicles and buses are recommended minimum guidelines, and agencies may apply their own criteria for these classes. However, if other criteria not meeting these minimums are used, agencies shall forward a copy of such, including justifications, to SFM for approval.

New Lease Rates

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The implementation plan calls for SFM to use new lease rates starting with vehicles leased or replaced after January 1, 2006. The current rate structure will remain in place for all vehicles leased prior to that time, with the exception of new customers. (New customers added between now and January 1st will be charged the new rate.) This will allow a phased-in approach and cause the least disruption to agencies' budgets.

Elimination of "Golden Car\$"

SFM will also follow the consultants' recommendation to eliminate the "Golden Car\$ program" by replacing vehicles that have reached their expected life cycles. We will send a letter to be sent to each agency with a list of leased vehicles that have reached or are expected to reach the end of their life cycle. Agencies can then choose to continue their lease or they may turn the vehicle in without replacement.

Vehicle Type	Replacement Cycle, in Months	Miles
Sedan, Compact	84	100,000
Sedan, Mid-size	84	110,000
Sedan, Full-size	72	125,000
Sedan, Executive	72	125,000
Sedan, Police	48	125,000
Station Wagon, Mid-size	84	125,000
Van, Mini, Passenger	84	125,000
Van, Window, 250 Reg., 12 Pass	96	150,000
Van, Window, 350 Extended, 15 Pass	96	150,000
Van Handicapped	120	150,000
Van, Mini, Cargo	120	125,000
Van, Cargo, 2500 >8500	120	150,000
Utility, Mid-size, 4x2	84	125,000
Utility, Mid-size, 4x4	84	125,000
Utility, Full-size, 4x2	84	150,000
Utility, Full-size, 4x4	84	150,000
Pickup 2500 >8500, 4x4	84	150,000
Pickup, Compact, 4x2	96	125,000
Pickup, 1500 <8500, 4x2	120	150,000
Pickup, 2500 >8500, 4x2	120	150,000
Hi-Cube Van, 30,000 GVWR & Below	120	150,000
Bus, other Front Engine	120	150,000
Bus, Handicap	120	150,000
Bus, School, Mini	120	150,000

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Organizational News

When **Gerry Calk** left State Fleet for Kansas City last year, **Jeff McCormack**, head of the Compliance and Analysis Team, stepped in as Interim State Fleet Manager. We are happy to report that Jeff is no longer Interim, but officially named as **State Fleet Manager**. Congratulations are in order, both to him and to the organization.

As the General Services Division recently announced, **Central Supply** is closing its doors for the last time at the end of December 2005. While this is unhappy news for the long-time employees, we at State Fleet are proud to welcome a few of them and to benefit from their experience.

Daniel Youngblood will become head of the SFM **Compliance and Analysis Team** at the end of December, and will be back and forth between Central Supply and SFM from early December on. Mr. Youngblood has spent his entire State Government career with Central Supply, beginning in 1978. He reports that he is an avid golfer and also has a DJ service on the side.

Paul Hamlin has already begun his duties with SFM's **Operations Team**, led by **Jimmy Lever**. Paul is working at the State Fleet Receiving Lot on Boston Avenue

Marguerite Gibson will also be joining the SFM Compliance and Analysis Team, where she will be working in the inventory section.

We welcome all these new State Fleet team members and look forward to having them in our organization.

Amburgey to Retire

Bob Amburgey, who has directed the Commercial Vendor Repair Program (CVRP) since 1989, has announced his retirement at the end of December 2005. The next issue of *Focus on Fleet* will cover Bob's retirement in greater detail, including pictures from the retirement party.

Other Staff News

Barbara Sellers has moved from the Program Support Team to the Operations Team, where she is handling motor vehicle accident reporting.

The **Commercial Vendor Repair Program** bids a fond farewell to **Tony Jones**, who was featured in this newsletter in 2002 in our article about State Fleet employees who had military experience. Tony was a Non-Commissioned Officer in the United States Army for some 20 years. He has left State Fleet to return to the Army as a civilian instructor in Automotive Repair.

State Fleet Management notes the departure of **Peggy Kirkland**, who left to pursue further education. SFM wishes Peggy all the best with her future plans.

State Fleet also bids farewell to **Dena Daw**, SFM receptionist until August 2005.